

CENTERFIELD CITY
FINANCIAL STATEMENTS
JUNE 30, 2006

C O N T E N T S

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Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
Centerfield City
Centerfield, Utah 84622

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Centerfield City as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Centerfield City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Centerfield City as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2006, on our consideration of Centerfield City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and budgetary comparison information on pages 5 through 15, 46 through 48 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor and City Council
Centerfield City

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Centerfield City's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements of Centerfield City. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 20, 2006
Richfield, Utah

CENTERFIELD CITY MANAGEMENT'S DISCUSSION AND ANALYSIS For The Year Ended June 30, 2006

This discussion of Centerfield City's financial performance provided an overview of the City's financial activities for the year ending June 30, 2006. This report is in conjunction with the City's financial statements.

The purpose of the City is to provide general services to its residents which includes general government, public safety, streets and highways and culture and recreation.

Financial Highlights

- * The assets of the City exceeded its liabilities as of the close of the most recent year by \$4,478,306 (net assets). Of this amount, \$594,412 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- * The government's total net assets decreased by \$57,055. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the City's governmental funds reported combined ending fund balances of \$238,999, an decrease of \$158,084 in comparison with the prior year. Approximately 59 percent of this total amount, \$87,178 is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$87,178, or 35 percent of total general fund expenditures.
- * The City's total debt decreased by \$45,827 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Centerfield City's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, streets and highways and culture and recreation. The business-type activities of the City are water, secondary water, sewer and sanitation operations.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital project fund and perpetual care fund. The general fund is considered to be a major fund. The other two funds are non-major funds.

The City adopts an annual appropriated budget for all its governmental funds. A budgetary comparison statements has been provided for the general fund.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

The City maintains four types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. A combining statement for these four funds is shown elsewhere in this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, secondary water and sanitation, which are all considered to be a major funds of the City.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City.

The combining statements referred to earlier in connection with the non-major governmental funds and the major enterprise funds is presented immediately following the required supplementary information.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$4,478,306 at the close of the most recent fiscal year. By far the largest portion of the City's net assets (83 percent) reflects its investment in capital assets (e.g. land, buildings, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Centerfield City's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and Other Assets	261,041	400,117	374,814	397,573	635,855	797,690
Capital Assets	817,624	742,016	3,897,153	3,903,300	4,714,777	4,645,316
Total Assets	1,078,665	1,142,133	4,271,967	4,300,873	5,350,632	5,443,006
Liabilities and Net Assets:						
Long-Term Liabilities	134,347	133,687	657,825	749,824	792,172	749,824
Other Liabilities	22,042	3,034	98,949	21,100	120,991	24,134
Total Liabilities	156,389	136,721	756,774	770,924	913,163	773,958
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	686,624	611,016	2,941,853	3,151,983	3,628,477	3,762,999
Restricted	151,821	202,039	103,596	141,491	255,417	343,530
Unrestricted	83,831	192,057	510,581	236,475	594,412	428,532
Total Net Assets	922,276	1,005,112	3,556,030	3,529,949	4,478,306	4,535,061

A portion of the City's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$594,412) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the year, the City is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Governmental Activities

Governmental activities decreased the City's net assets by \$83,136.

Centerfield City's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program Revenues:						
Charges for Services	20,348	23,352	373,550	323,020	393,898	346,372
Operating Grants	60,796	83,327	-	-	60,796	83,327
Capital Grants	-	30,000	-	92,000	-	30,000
General Revenues:						
Property Taxes	19,294	21,053	-	-	19,294	21,053
Other Taxes	160,092	178,881	-	-	160,092	178,881
Impact Fees	-	-	29,280	17,430	29,280	17,430
Sale of Equipment	-	-	-	22,511	-	22,511
Interest Earnings	18,237	11,328	3,868	7,111	22,105	18,439
Total Revenues	278,767	347,941	406,698	462,072	685,465	718,013
Expenses:						
General Government	76,456	62,713	-	-	76,456	62,713
Public Safety	69,469	70,308	-	-	69,469	70,308
Streets and Highways	165,883	250,098	-	-	165,883	250,098
Culture and Recreation	48,095	32,545	-	-	48,095	32,545
Water, Sewer, Secondary and Sanitation	-	-	382,617	368,616	382,617	368,616
Total Expenses	359,903	415,664	382,617	368,616	742,520	784,280
Increase in Net Assets Before Transfers	(81,136)	(67,723)	24,081	93,456	(57,055)	(66,267)
Transfers	(2,000)	(2,000)	2,000	2,000	(2,000)	(2,000)
Increase in Net Assets	(83,136)	(69,723)	26,081	95,456	(57,055)	25,733
Net Assets - Beginning	1,005,412	1,075,135	3,529,949	3,434,493	4,535,361	4,509,628
Net Assets - Ending	922,276	1,005,412	3,556,030	3,529,949	4,478,306	4,535,361

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Several noteworthy exceptions, however, were the City's purchase of playground equipment for \$16,300, and construction in progress in the water fund of \$114,929 and \$125,900 in the general fund.

Business-Type Activities

Business-type activities increased the City's net assets by \$26,081 accounting for 100 percent of the total increase in the government's net assets. Key elements of this increase are as follows:

- * The revenues were less than the adopted budget amounts, and expenses were less than the adopted budget amounts.
- * The depreciation in the enterprise funds was the same as the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the City's governmental funds reported combined ending fund balances of \$238,999, an decrease of \$158,084 in comparison with the prior year. Approximately 36 percent of this amount (\$87,178) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund is *reserved* to indicate that it is not available for new spending because it has already been committed to: 1) Capital outlay for \$26,780, 2) perpetual care \$63,475 and 3) class C roads \$61,566.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved fund balance of the general fund was \$87,178, while total fund balance reached \$148,744. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 35 percent of total general fund expenditures, while total fund balance also represents 60 percent of that same amount.

Proprietary Funds

The City's proprietary funds provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water, sewer, secondary water and sanitation funds at the end of the year were \$510,581. Other factors concerning the finances of these funds has already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget of \$130,075 can be briefly summarized as follows:

- * \$10,000 increase in general government.
- * \$75 decrease in public safety.
- * \$2,900 increase in culture and recreation.
- * \$142,900 decrease in Economic Development

Of this increase, \$0 was funded out of prior year unreserved fund balance. During the year, however, actual revenues were less than budgeted revenues by \$92,694 and actual expenditures were less than budgeted expenditures by \$111,394 resulting in a net increase in fund balance of \$18,700.

Capital Asset and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of June 30, 2006, was \$817,624 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and which includes streets, sidewalks, curb and gutter and street lights.

The total increase in the City's investment in capital assets for the current year was \$142,200. Major capital asset event during the current year included the following:

- * Construction in progress - Old Rock Church \$125,900.
- * Playground Equipment \$16,300.

Centerfield City's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	50,550	50,550	250,000	200,000	300,550	250,550
Water Shares	-	-	344,800	394,800	344,800	394,800
Infrastructure	520,874	578,736	-	-	520,874	578,736
Buildings	38,450	39,900	-	-	38,450	39,900
Utility System	-	-	2,998,981	3,105,866	2,998,981	3,105,866
Equipment	40,495	31,475	52,070	66,260	92,565	97,735
Construction in Progress	167,255	41,355	251,302	136,374	418,557	177,729
Total	817,624	742,016	3,897,153	3,903,300	4,714,777	4,645,316

Additional information on the City's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the City had total bonded debt outstanding of \$834,997. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds). Also, notes payable of \$174,565 for the secondary water system.

Centerfield City's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue Bonds	131,000	131,000	529,432	562,867	660,432	562,867
Notes Payable	-	-	174,565	186,957	174,565	186,957
Total Long-Term Debt	131,000	131,000	703,997	749,824	834,997	749,824

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the City. The City has no general obligation debt.

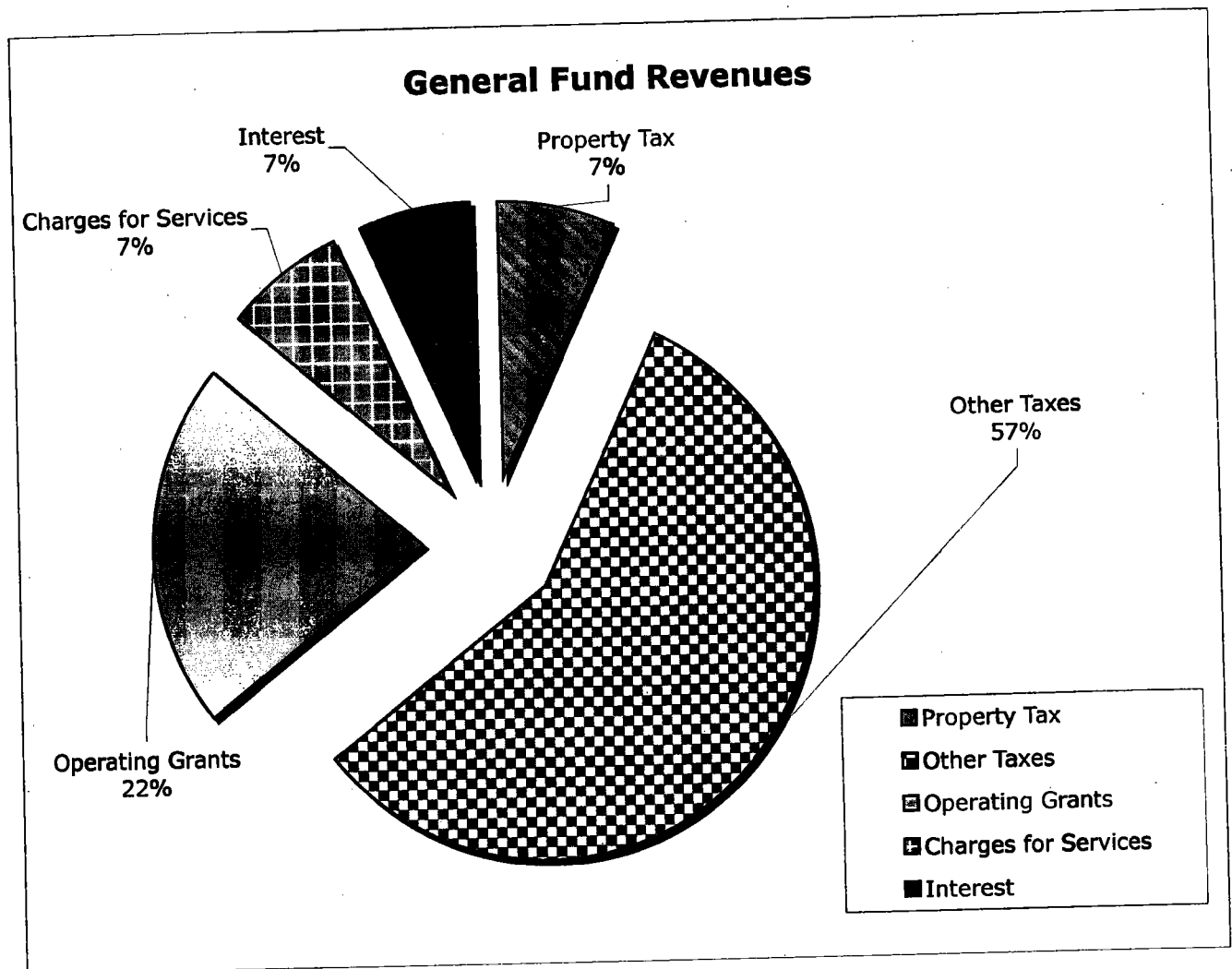
Additional information on the City's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Centerfield City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Centerfield City Recorder, P.O. Box 220200, Centerfield, Utah, 84622.

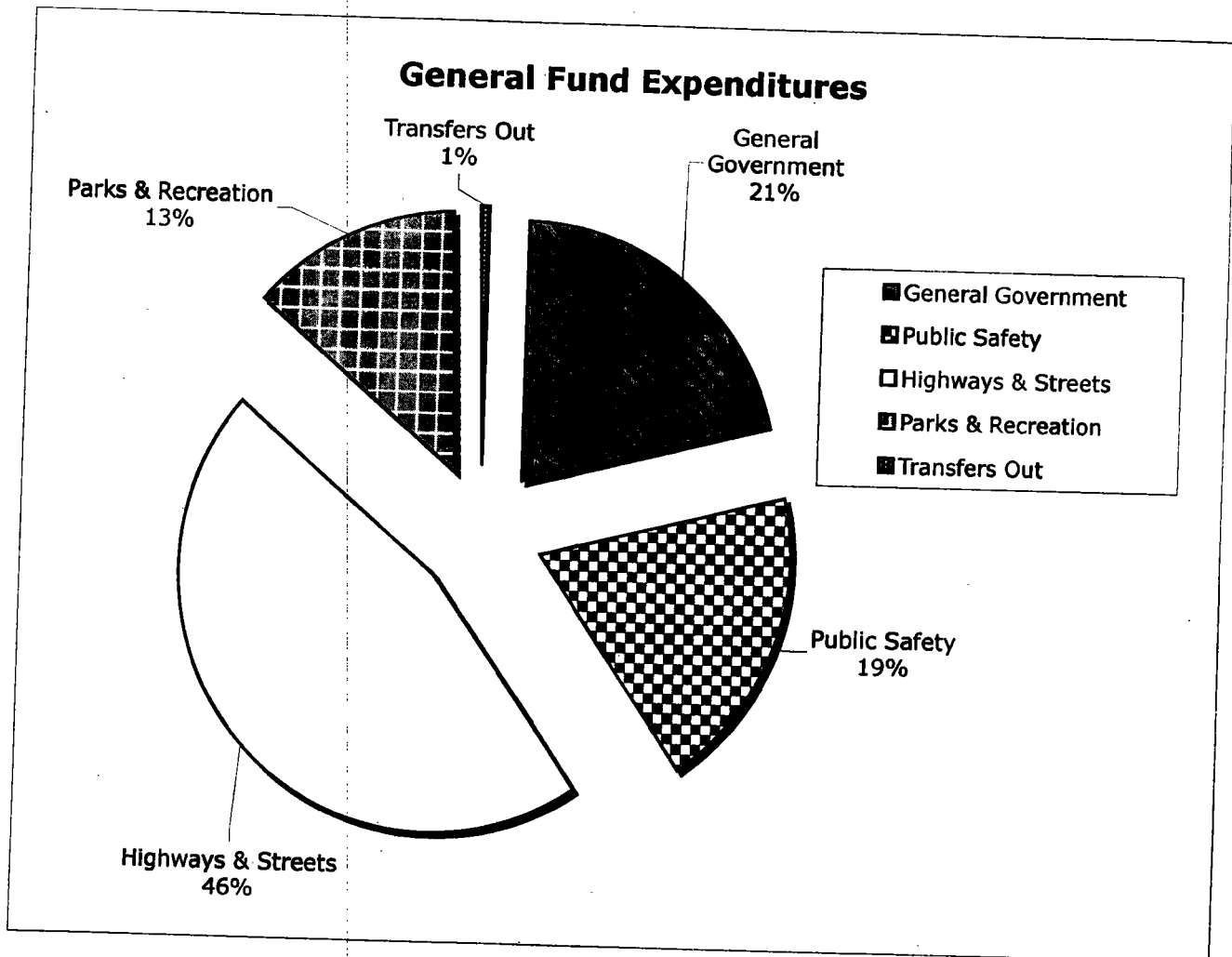
**Centerfield City
General Fund Revenues
For The Fiscal Year Ended June 30, 2006**

Property Tax	19,294
Other Taxes	160,092
Operating Grants	60,796
Charges for Services	20,348
Interest	<u>18,237</u>
Total	<u><u>278,767</u></u>



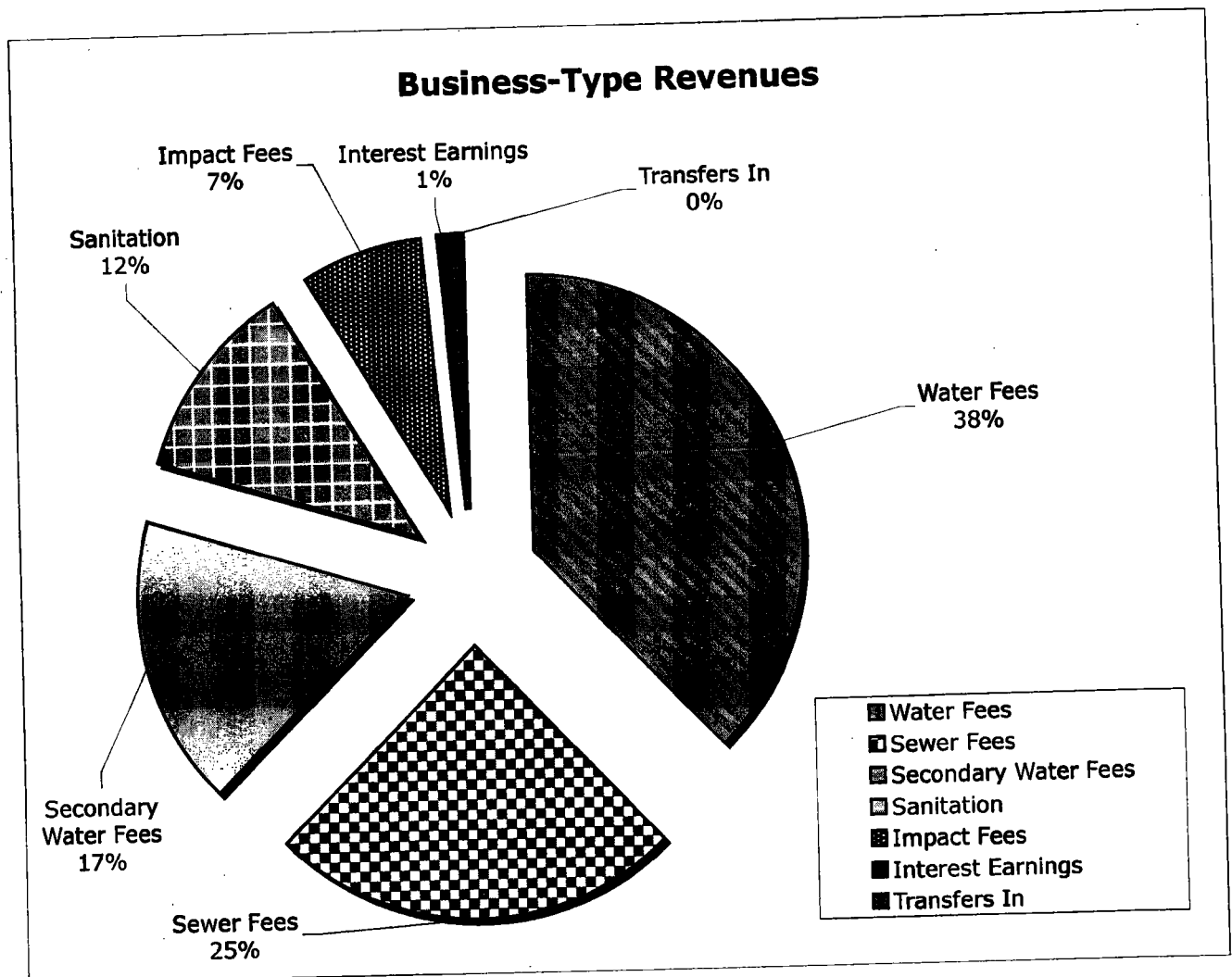
**Centerfield City
General Fund Expenditures
For The Fiscal Year Ended June 30, 2006**

General Government	76,456
Public Safety	69,469
Highways & Streets	165,883
Parks & Recreation	48,095
Transfers Out	<u>2,000</u>
Total	<u>361,903</u>



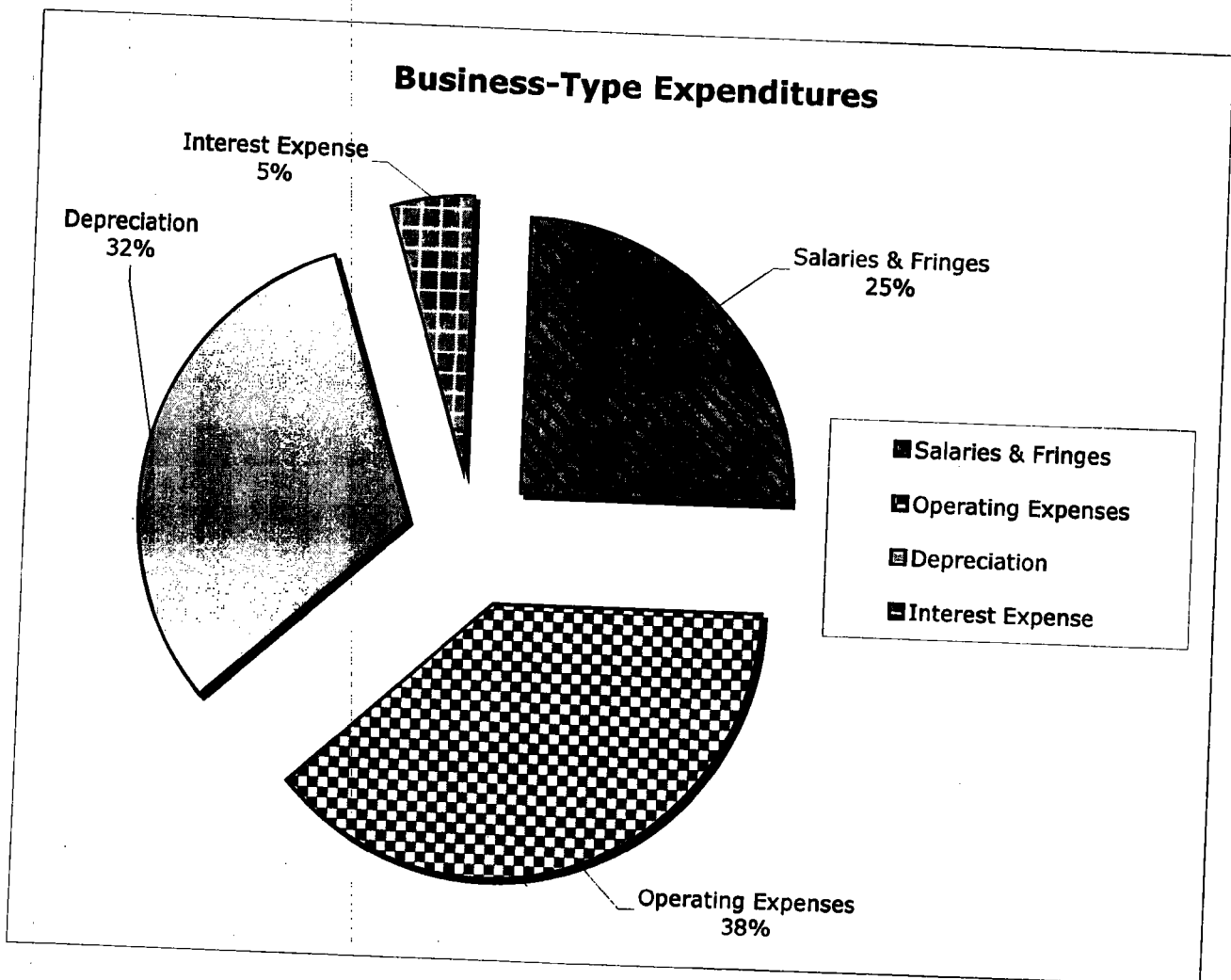
**Centerfield City
Business -Type Revenues
For The Fiscal Year Ended June 30, 2006**

Water Fees	154,869
Sewer Fees	100,154
Secondary Water Fees	71,062
Sanitation	47,465
Impact Fees	29,280
Interest Earnings	3,868
Transfers In	<u>2,000</u>
Total	<u>408,698</u>



**Centerfield City
Business-Type Expenditures
For The Fiscal Year Ended June 30, 2006**

Salaries & Fringes	95,884
Operating Expenses	146,687
Depreciation	121,075
Interest Expense	<u>18,971</u>
Total	<u><u>382,617</u></u>



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BASIC FINANCIAL STATEMENTS

**CENTERFIELD CITY
STATEMENT OF NET ASSETS**

June 30, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	247,366	240,501	487,867
Accounts Receivable (Net)	1,133	44,313	45,446
Due From Other Government Units	12,542	-	12,542
Total Current Assets	261,041	284,814	545,855
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	90,000	90,000
Capital Assets (Net of Accumulated Depreciation):			
Land	50,550	250,000	300,550
Water Rights	-	344,800	344,800
Buildings	38,450	-	38,450
Utility Systems	-	2,998,981	2,998,981
Equipment	40,495	52,070	92,565
Infrastructure	520,874	-	520,874
Construction in Progress	167,255	251,302	418,557
Total Noncurrent Assets	817,624	3,987,153	4,804,777
TOTAL ASSETS	1,078,665	4,271,967	5,350,632
LIABILITIES			
Current Liabilities:			
Accounts Payable	22,042	10,639	32,681
Bond Interest Payable	-	1,300	1,300
Note Payable - Due Within One Year	-	12,763	12,763
Revenue Bonds Payable - Due Within One Year	6,000	33,410	39,410
Total Current Liabilities	28,042	58,112	86,154
Noncurrent Liabilities:			
Note Payable - More Than One Year	-	161,802	161,802
Revenue Bonds Payable - More Than One Year	125,000	496,023	621,023
Compensated Absences	3,347	-	3,347
Total Noncurrent Liabilities	128,347	657,825	786,172
TOTAL LIABILITIES	156,389	715,937	872,326
NET ASSETS			
Investment in Capital Assets, Net of Debt	686,624	2,941,853	3,628,477
Restricted For:			
Bond Retirement	-	90,000	90,000
Impact Fees	-	13,596	13,596
Capital Outlay	26,780	-	26,780
Class C Roads	61,566	-	61,566
Perpetual Care	63,475	-	63,475
Unrestricted	83,831	510,581	594,412
TOTAL NET ASSETS	922,276	3,556,030	4,478,306
TOTAL LIABILITIES AND NET ASSETS	1,078,665	4,271,967	5,350,632

The notes to the financial statements are an integral part of this statement.

**CENTERFIELD CITY
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2006

Function/Programs Primary Government:	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants/ Contributions	Capital Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
General Government	76,456	10,647	-	-	(65,809)	-	(65,809)
Public Safety	69,469	8,274	1,299	-	(59,896)	-	(59,896)
Streets and Highways	165,883	-	59,497	-	(106,386)	-	(106,386)
Culture and Recreation	48,095	1,427	-	-	(46,668)	-	(46,668)
Total Governmental Activities	359,903	20,348	60,796	-	(278,759)	-	(278,759)
Business-Type Activities:							
Water Fund	95,797	154,869	-	-	-	59,072	59,072
Sewer Fund	158,460	100,154	-	-	-	(58,306)	(58,306)
Secondary Water	80,129	71,062	-	-	-	(9,067)	(9,067)
Sanitation	48,231	47,465	-	-	-	(766)	(766)
Total Business-Type Activities	382,617	373,550	-	-	-	(9,067)	(9,067)
Total Primary Government	742,520	393,898	60,796	-	(278,759)	(9,067)	(287,826)
General Revenues:							
Property Taxes					19,294	-	19,294
Fee-In-Lieu of Property Taxes					7,119	-	7,119
Sales Taxes					97,240	-	97,240
Franchise Taxes					55,600	-	55,600
Perpetual Care					133	-	133
Impact Fees					-	29,280	29,280
Unrestricted Investment Earnings					18,237	3,868	22,105
Transfers					(2,000)	2,000	-
Total General Revenues and Transfers					195,623	35,148	230,771
Change in Net Assets					(83,136)	26,081	(57,055)
Net Assets - Beginning					1,005,412	3,529,949	4,535,361
Net Assets - Ending					922,276	3,556,030	4,478,306

The notes to the financial statements are an integral part of this statement.

**CENTERFIELD CITY
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>	<u>Municipal Building Authority</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS				
Cash and Cash Equivalents	157,111	26,780	63,475	247,366
Accounts Receivable (Net)	1,133	-	-	1,133
Due From Other Government Units	<u>12,542</u>	<u>-</u>	<u>-</u>	<u>12,542</u>
TOTAL ASSETS	<u><u>170,786</u></u>	<u><u>26,780</u></u>	<u><u>63,475</u></u>	<u><u>261,041</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	<u>22,042</u>	<u>-</u>	<u>-</u>	<u>22,042</u>
Total Liabilities	<u><u>22,042</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>22,042</u></u>
Fund Balances:				
Reserved For:				
Class C Roads	61,566	-	-	61,566
Capital Outlay	-	26,780	-	26,780
Perpetual Care	-	-	63,475	63,475
Unreserved, Reported In:				
General Fund	<u>87,178</u>	<u>-</u>	<u>-</u>	<u>87,178</u>
Total Fund Balance	<u><u>148,744</u></u>	<u><u>26,780</u></u>	<u><u>63,475</u></u>	<u><u>238,999</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>170,786</u></u>	<u><u>26,780</u></u>	<u><u>63,475</u></u>	<u><u>261,041</u></u>

The notes to the financial statements are an integral part of this statement.

CENTERFIELD CITY
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2006

Total Fund Balances - Governmental Fund Types	238,999
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	50,550
Buildings	38,450
Equipment	40,495
Infrastructure	520,874
Construction in Progress	<u>167,255</u>

Total	817,624
-------	---------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Loan Payable	(131,000)
Compensated Absences	<u>(3,347)</u>

Total	<u>(134,347)</u>
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Net Assets of Government Activities	<u><u>922,276</u></u>
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CENTERFIELD CITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2006

	<u>General Fund</u>	<u>Municipal Building Authority</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:				
Taxes	179,253	-	-	179,253
Licenses and Permits	3,880	-	-	3,880
Intergovernmental Revenue	60,796	-	-	60,796
Charges for Services	9,701	-	-	9,701
Interest	15,694	2,543	-	18,237
Miscellaneous Revenues	<u>3,777</u>	<u>2,990</u>	<u>133</u>	<u>6,900</u>
Total Revenues	<u>273,101</u>	<u>5,533</u>	<u>133</u>	<u>278,767</u>
Expenditures:				
Current:				
General Government	73,822	550	-	74,372
Public Safety	68,344	-	-	68,344
Streets and Highways	48,270	-	-	48,270
Culture and Recreation	61,965	-	-	61,965
Capital Outlay	<u>-</u>	<u>116,900</u>	<u>65,000</u>	<u>181,900</u>
Total Expenditures	<u>252,401</u>	<u>117,450</u>	<u>65,000</u>	<u>434,851</u>
Excess Revenues Over (Under) Expenditures	<u>20,700</u>	<u>(111,917)</u>	<u>(64,867)</u>	<u>(156,084)</u>
Other Financing Sources (Uses):				
Transfers Out	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Total Other Financing	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>(2,000)</u>
Net Change In Fund Balance	18,700	(111,917)	(64,867)	(158,084)
Fund Balance - Beginning	<u>130,044</u>	<u>138,697</u>	<u>128,342</u>	<u>397,083</u>
Fund Balance - Ending	<u><u>148,744</u></u>	<u><u>26,780</u></u>	<u><u>63,475</u></u>	<u><u>238,999</u></u>

The notes to the financial statements are an integral part of this statement.

CENTERFIELD CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2006

Amounts reported for governmental activities in the statement of activities
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(158,084)
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Governmental funds report capital outlays as expenditures. However, in
the statement of activities the cost of those assets is allocated over their
estimated useful lives and reported as depreciation expense. This is the
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlays	142,200	
Depreciation Expense	<u>(66,593)</u>	
Total		75,607

Some expenses reported in the statement of activities do not require the use
of current financial resources and, therefore, are not reported as expenditures
in governmental funds:

Increase in Compensated Absences	<u>(659)</u>
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Changes In Net Assets of Governmental Activities	<u><u>(83,136)</u></u>
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**CENTERFIELD CITY
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS**

June 30, 2006

	Water Fund	Sewer Fund	Secondary Water Fund	Sanitation Fund	Total
ASSETS:					
Current Assets:					
Cash and Cash Equivalents	150,390	90,111	-	-	240,501
Accounts Receivable	20,480	11,893	6,167	5,773	44,313
Due from Other Funds	40,837	-	-	-	40,837
Total Current Assets	211,707	102,004	6,167	5,773	325,651
Noncurrent Assets:					
Cash and Cash Equivalents - Restricted:					
Bond Reserves	-	90,000	-	-	90,000
Capital Assets: (Net of Accum. Depr.)					
Land	-	-	250,000	-	250,000
Water Rights	-	-	344,800	-	344,800
Improvements Other Than Buildings	513,530	1,933,751	551,700	-	2,998,981
Equipment	29,520	21,550	1,000	-	52,070
Construction in Progress	251,302	-	-	-	251,302
Total Noncurrent Assets	794,352	2,045,301	1,147,500	-	3,987,153
TOTAL ASSETS	1,006,059	2,147,305	1,153,667	5,773	4,312,804
LIABILITIES:					
Current Liabilities:					
Accounts Payable	-	10,639	-	-	10,639
Due to Other Funds	-	-	39,021	1,816	40,837
Bond Interest Payable	-	-	1,300	-	1,300
Bonds Payable - Due Within One Year	-	33,410	12,763	-	46,173
Total Current Liabilities	-	44,049	53,084	1,816	98,949
Noncurrent Liabilities:					
Bonds Payable - More Than One Year	52,000	444,022	161,803	-	657,825
Total Noncurrent Liabilities	52,000	444,022	161,803	-	657,825
TOTAL LIABILITIES	52,000	488,071	214,887	1,816	756,774
NET ASSETS:					
Capital Assets, Net of Related Debt	491,050	1,477,869	972,934	-	2,941,853
Restricted For:					
Bond Reserves	-	90,000	-	-	90,000
Impact Fees	-	13,596	-	-	13,596
Unrestricted	463,009	77,769	(34,154)	3,957	510,581
TOTAL NET ASSETS	954,059	1,659,234	938,780	3,957	3,556,030
TOTAL LIABILITIES AND NET ASSETS	1,006,059	2,147,305	1,153,667	5,773	4,312,804

The notes to the financial statements are an integral part of this statement.

CENTERFIELD CITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND TYPES

June 30, 2006

	Water Fund	Sewer Fund	Secondary Water Fund	Sanitation Fund	Total
Operating Revenues:					
Charges for Sales and Services:					
Water	149,374	-	-	-	149,374
Secondary Water	-	-	49,763	-	49,763
Sewer	-	93,554	-	-	93,554
Sanitation	-	-	-	47,465	47,465
Other	-	-	18,499	-	18,499
Connection Fees	5,495	6,600	2,800	-	14,895
Total Operating Revenues	<u>154,869</u>	<u>100,154</u>	<u>71,062</u>	<u>47,465</u>	<u>373,550</u>
Operating Expenses:					
Salaries and Wages	21,347	21,347	21,347	-	64,041
Employee Benefits	10,784	10,784	10,275	-	31,843
Utilities	3,534	3,989	2,325	-	9,848
Materials, Supplies and Services	29,604	25,387	17,439	-	72,430
Professional Services	5,988	9,233	957	-	16,178
Sanitation	-	-	-	48,231	48,231
Depreciation	24,540	73,535	23,000	-	121,075
Total Operating Expenses	<u>95,797</u>	<u>144,275</u>	<u>75,343</u>	<u>48,231</u>	<u>363,646</u>
Operating Income	<u>59,072</u>	<u>(44,121)</u>	<u>(4,281)</u>	<u>(766)</u>	<u>9,904</u>
Nonoperating Revenues (Expenses):					
Impact Fees	11,985	17,295	-	-	29,280
Interest Earnings	-	3,868	-	-	3,868
Interest Expense	-	(14,185)	(4,786)	-	(18,971)
Total Nonoperating Revenues (Expenses)	<u>11,985</u>	<u>6,978</u>	<u>(4,786)</u>	<u>-</u>	<u>14,177</u>
Income Before Transfers	71,057	(37,143)	(9,067)	(766)	24,081
Transfers In	-	-	-	2,000	2,000
Change in Net Assets	71,057	(37,143)	(9,067)	1,234	26,081
Total Net Assets - Beginning	<u>883,002</u>	<u>1,696,377</u>	<u>947,847</u>	<u>2,723</u>	<u>3,529,949</u>
Total Net Assets - Ending	<u><u>954,059</u></u>	<u><u>1,659,234</u></u>	<u><u>938,780</u></u>	<u><u>3,957</u></u>	<u><u>3,556,030</u></u>

The notes to the financial statements are an integral part of this statement.

**CENTERFIELD CITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

June 30, 2006

	Water Fund	Sewer Fund	Secondary Water Fund	Sanitation Fund	Total
Cash Flows From Operating Activities:					
Receipts From Customers	154,993	100,704	71,240	47,908	374,845
Payments to Suppliers	(67,739)	(39,073)	(31,506)	(49,373)	(187,691)
Payments to Employees	(21,347)	(21,347)	(21,347)	-	(64,041)
Net Cash Provided by Operating Activities	65,907	40,284	18,387	(1,465)	123,113
Cash Flows from Noncapital Financing Activities:					
Transfer From Other Funds	42,582	-	(40,231)	(351)	2,000
Transfer To Cover Overdraft	(40,837)	-	39,021	1,816	-
Net Cash Provided by Noncapital Financing Activities	1,745	-	(1,210)	1,465	2,000
Cash Flows From Capital and Related Financing Activities:					
Principal Payment on Capital Debt	-	(33,435)	(12,391)	-	(45,826)
Interest Payment on Capital Debt	-	(14,185)	(4,786)	-	(18,971)
Net Cash Used For Capital and Related Financing Activities	-	(47,620)	(17,177)	-	(64,797)
Cash Flows from Investing Activities:					
Interest Received	-	3,868	-	-	3,868
Impact Fees	11,985	17,295	-	-	29,280
Construction in Progress	(114,928)	-	-	-	(114,928)
Net Cash Used in Investing Activities	(102,943)	21,163	-	-	(81,780)
Increase (Decrease) Cash and Cash Equivalents	(35,291)	13,827	-	-	(21,464)
Cash and Cash Equivalents - Beginning	185,681	166,284	-	-	351,965
Cash and Cash Equivalents - Ending	150,390	180,111	-	-	330,501
Reconciliation of Operating Income to Net Cash Provided By Operating Activities:					
Operating Income	59,072	(44,121)	(4,281)	(766)	9,904
Adjustments to Reconcile Operating Income To Net Cash Provided By Operating Activities:					
Depreciation	24,540	73,535	23,000	-	121,075
Increase (Decrease) in Operating Assets:					
Accounts Receivable	124	550	178	443	1,295
Accrued Liabilities	(17,829)	10,320	(510)	(1,142)	(9,161)
Total Adjustments	6,835	84,405	22,668	(699)	113,209
Net Cash Provided (Used) by Operating Activities	65,907	40,284	18,387	(1,465)	123,113

The notes to the financial statements are an integral part of this statement.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS

June 30, 2006

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Centerfield City conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2006.

The following is a summary of the more significant policies:

A. Reporting Entity

Centerfield City is a municipal corporation in Sanpete County, Utah. It is governed by an elected Mayor and a five member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Centerfield City, the reporting entity. The City has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Centerfield City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Municipal Building Authority Fund which accounts for the construction of major fixed assets then leased to the City for City purposes.

The Government also reports the following Other Governmental Funds:

Capital Projects Fund accounts for revenue sources that are restricted to expenditures for specific purposes.

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government reports the following Proprietary Funds:

The Proprietary Fund accounts for the activities of the water, sewer, secondary water and sanitation fund operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the utilities are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Buildings	40 Years
Equipment	10 Years
Water System	50 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Budgets and Budgetary Accounting:

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City council on or before June 22 for the following Fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the Town's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

F. Property Taxes:

Property taxes are assessed and collected for the City by San Pete County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

G. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents..

Deposits:

At year end, the carrying amount of the City's deposits was \$42,055 and the bank balances were \$56,586. All of the bank balance was covered by federal depository insurance. Utah State statutes do not require deposits to be collateralized, however, financial institutions must be approved by the State Money Management Council. Cash on hand was \$100.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2006 consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	42,055
Cash on Hand	100
Investment - PTIF	<u>535,712</u>
Total Cash and Investments	<u><u>577,867</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	249,366
Business-Type Activities - Unrestricted	238,501
Business-Type Activities - Restricted	<u>90,000</u>
Total Cash and Cash Equivalents	<u><u>577,867</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that City funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

PTIF operations and portfolio composition is monitored at least semi-annually by Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposits and investments for local government are governed by the Utah Money Management Act (Utah Code Annotated, Title 51, Chapter 7, "the Act") and by rules of the Utah Management Council ("the Council"). Following are discussions of the local government's exposure to various risks related to its cash management activities.

Custodial Credit Risk:

Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The local government's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the local government to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2006, \$0 of the local government's bank balances of \$56,586 were uninsured and uncollateralized.

Credit Risk:

Credit risk is the risk that the counterparty of an investment will not fulfill its obligations. The local government's policy for limiting the credit risk of investments is to comply with the Money Management Act.

The local government is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

For the year ended June 30, 2006, the local governments has investments of \$535,711 with the PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

Interest Rate Risk:

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The local government manages its exposure to declines in fair value by investments mainly in the PTIF and by adhering to the Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - BOND RESERVES

Series 1991 "A", Parity Sewer Revenue Bond Fund:

Monthly deposits of \$2,334.00 to a Maximum of \$28,000.

Balance at June 30, 2006. 28,000.00

Series 1991 "A", Reserve Fund:

Monthly deposits of \$389.00 to a Maximum of \$28,000.

Balance at June 30, 2006. 28,000.00

Series 1991 "B", Reserve Fund:

Monthly deposits of \$164.21 to a Maximum of \$19,704.80.

Balance at June 30, 2006. 20,000.00

Series 1991 "A", Emergency Repair and Replacement Fund:

Monthly deposits of \$195.00 to a Maximum of \$14,000.00.

Balance at June 30, 2006. 14,000.00

Total Bond Reserves 90,000.00

NOTE 4 - ACCOUNTS RECEIVABLE - UTILITY FUND

Accounts receivable represents amounts owed the City by residents for utility billings through June 30, 2006.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	38,550	-	-	38,550
Land Related to Infrastructure	12,000	-	-	12,000
Construction In Progress	<u>41,355</u>	<u>125,900</u>	-	<u>167,255</u>
 Total Capital Assets Not Being Depreciated	 <u>91,905</u>	 <u>125,900</u>	 -	 <u>217,805</u>
 Capital Assets Being Depreciated:				
Buildings	68,000	-	-	68,000
Equipment	98,000	16,300	-	114,300
Infrastructure	<u>1,157,250</u>	-	-	<u>1,157,250</u>
 Total Capital Assets Being Depreciated	 <u>1,323,250</u>	 <u>16,300</u>	 -	 <u>1,339,550</u>
 Less Accumulated Depreciation For:				
Buildings	28,100	1,450	-	29,550
Equipment	66,525	7,280	-	73,805
Infrastructure	<u>578,513</u>	<u>57,863</u>	-	<u>636,376</u>
 Total Accumulated Depreciation	 <u>673,138</u>	 <u>66,593</u>	 -	 <u>739,731</u>
 Total Capital Assets Being Depreciated (Net)	 <u>650,112</u>	 <u>(50,293)</u>	 -	 <u>599,819</u>
 Governmental Activities Capital Assets, Net	 <u>742,017</u>	 <u>75,607</u>	 -	 <u>817,624</u>

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Not Being Depreciated:				
Land	200,000	-	-	200,000
Water Stock	394,800	-	-	394,800
Construction In Progress	<u>136,374</u>	<u>114,929</u>	-	<u>251,303</u>
 Total Capital Assets Not Being Depreciated	 <u>731,174</u>	 <u>114,929</u>	 -	 <u>846,103</u>
 Capital Assets Being Depreciated:				
Utility Systems	4,234,066	-	-	4,234,066
Equipment	<u>89,450</u>	-	-	<u>89,450</u>
 Total Capital Assets Being Depreciated	 <u>4,323,516</u>	 -	 -	 <u>4,323,516</u>
 Less Accumulated Depreciation For:				
Utility Systems	1,128,200	106,885	-	1,235,085
Equipment	<u>23,190</u>	<u>14,190</u>	-	<u>37,380</u>
 Total Accumulated Depreciation	 <u>1,151,390</u>	 <u>121,075</u>	 -	 <u>1,272,465</u>
 Total Capital Assets Being Depreciated (Net)	 <u>3,172,126</u>	 <u>(121,075)</u>	 -	 <u>3,051,051</u>
 Business Type Activities Capital Assets, Net	 <u>3,903,300</u>	 <u>(6,146)</u>	 -	 <u>3,897,154</u>
 Total Capital Assets	 <u><u>4,645,317</u></u>	 <u><u>69,461</u></u>	 <u><u>-</u></u>	 <u><u>4,714,778</u></u>

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 5 - CAPITAL ASSETS CONTINUED)

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	1,425	-	1,425
Public Safety	1,125	-	1,125
Public Health	-	121,075	121,075
Highways and Public Improvements	61,613	-	61,613
Culture and Recreation	2,430	-	2,430
 Total Depreciation Expense	 <u>66,593</u>	 <u>121,075</u>	 <u>187,668</u>

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable represent monies owed to various vendors at June 30, 2006, for materials and services.

NOTE 7 - LONG-TERM DEBT

Governmental Long-Term Debt:

Compensated Absences:

Compensated absences of Centerfield City represent accrued vacation pay owed at June 30, 2006, in the amount of \$3,347.

The following is a schedule of changes in compensated absences:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Compensated Absences	<u>2,687</u>	<u>660</u>	<u>-</u>	<u>3,347</u>

Series 2005 Bonds:

During the year the City obtained financing for the purpose of remodeling the old church house next to the City hall for \$131,000. The terms of the loan require yearly payments with no interest on April 1 of each year beginning in 2007.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of debt service to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	6,000	-	6,000
2008	6,000	-	6,000
2009	6,000	-	6,000
2010	6,000	-	6,000
2011	6,000	-	6,000
2012-2016	31,000	-	31,000
2017-2021	35,000	-	35,000
2022-2026	35,000	-	35,000
	<u>131,000</u>	<u>-</u>	<u>131,000</u>

Proprietary Long-Term Debt:

Notes Payable - Gunnison Irrigation Company:

On May 4, 1999, Centerfield City obtained financing from Gunnison Irrigation Company for the purpose of constructing a secondary water system within Centerfield City. These monies are an allocation of monies obtained by the Gunnison Irrigation company from the Utah State Department of Natural Resources Division of Water Resources. The terms of the contract call for yearly payments including interest at 3%. The balance at June 30, 2006, was \$174,565.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	12,763	5,237	18,000
2007-2008	13,133	4,867	18,000
2008-2009	13,540	4,460	18,000
2009-2010	13,946	4,053	17,999
2010-2011	14,365	3,635	18,000
2012-2016	78,537	11,463	90,000
2017-2021	28,281	1,182	29,463
Total	<u>174,565</u>	<u>34,897</u>	<u>209,462</u>

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bonds Payable - Rural Development:

During 1991 the City obtained funding for the construction of a sewer system. Bonds were issued in the amount of \$337,000 to Rural Development. Terms of the loan require monthly payments of \$1,635 including interest at 5%. The balance of the loan at June 30, 2006, was \$281,432.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	5,409	14,211	19,620
2007-2008	5,680	13,940	19,620
2008-2009	5,964	13,656	19,620
2009-2010	6,262	13,358	19,620
2010-2011	6,575	13,045	19,620
2012-2016	38,149	59,532	97,681
2017-2021	48,689	49,412	98,101
2022-2026	62,142	35,958	98,100
2027-2031	64,309	18,791	83,100
2032-2036	<u>38,253</u>	<u>1,301</u>	<u>39,554</u>
Total	<u>281,432</u>	<u>233,204</u>	<u>514,636</u>

Bonds Payable - Utah Wastewater Pollution Control Board:

During 1991 the City obtained additional financing for the construction of a sewer system. Bonds were issued to the Utah Wastewater Pollution Control Board. The terms of the loan requires yearly payments of \$28,000 with no interest. The balance of the loan at June 30, 2006 was \$196,000.

The following is summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	28,000	-	28,000
2007-2008	28,000	-	28,000
2008-2009	28,000	-	28,000
2009-2010	28,000	-	28,000
2010-2011	28,000	-	28,000
2012-2016	<u>56,000</u>	<u>-</u>	<u>56,000</u>
Total	<u>196,000</u>	<u>-</u>	<u>196,000</u>

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 7 - LONG-TERM DEBT (CONTINUED)

Bonds Payable - Department of Environmental Quality:

During issued bonds in the amount of \$52,000 through the Department of Environmental Quality. The first payment is due in 2010 with interest at 2.36%.

The following is a summary of debt service charges to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	-	-	-
2007-2008	-	-	-
2008-2009	-	-	-
2009-2010	10,400	1,227	11,627
2010-2011	10,400	981	11,381
2012-2016	<u>31,200</u>	<u>1,473</u>	<u>32,673</u>
Total	<u>52,000</u>	<u>3,681</u>	<u>55,681</u>

The following is a summary of total Proprietary long-term debt to maturity:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006-2007	46,173	19,448	65,621
2007-2008	46,813	18,807	65,620
2008-2009	47,504	18,116	65,620
2009-2010	58,608	17,411	76,019
2010-2011	59,340	16,680	76,020
2012-2016	203,886	70,995	274,881
2017-2021	76,970	50,594	127,564
2022-2026	62,142	35,958	98,100
2027-2031	64,309	18,791	83,100
2032-2036	<u>38,252</u>	<u>1,301</u>	<u>39,553</u>
Total	<u>703,997</u>	<u>268,101</u>	<u>972,098</u>
Current Portion	46,173		
Long-Term Portion	<u>657,824</u>		
Total	<u>703,997</u>		

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2006

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The following is a schedule of changes in bonds payable at June 30, 2006:

	Date Issued	Interest Rate	Total Issued	Outstanding June 30, 2005	Current Year Changes		Outstanding June 30, 2006
Governmental:					Issued	Matured	
Bonds Payable - Series 2005	2005	0%	131,000	131,000	-	-	131,000
Proprietary:							
Note Payable:							
Gunnison Irrigation Co.	1999	3%	304,396	186,957	-	12,392	174,565
Bond Issues:							
Sewer - Rural Development Loan - FHA	1991	5%	337,800	286,867	-	5,435	281,432
Sewer - Utah Wastewater Pollution Control	1991	-	557,450	224,000	-	28,000	196,000
Water - Department of Environmental Quality	2005	-	52,000	52,000	-	-	52,000
Total Bonds Payable			947,250	562,867	-	33,435	529,432
Total Proprietary Long-Term Debt			1,251,646	749,824	-	45,827	703,997
Total Long-Term Debt			1,382,646	880,824	-	45,827	834,997

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 8 - CLASS "C" ROADS

The following is a schedule of changes in the Class "C" Road account:

Balance - Beginning of Year		-
Receipts:		
State Road Allotment	59,497	
Interest Earnings	<u>2,069</u>	
Total Receipts		61,566
Disbursements:		
Construction and Maintenance		<u>61,566</u>
Balance - End of Year		<u><u>-</u></u>

NOTE 9 - IMPACT FEES - WATER AND SEWER

Effective October 1996, the City adopted an impact fee ordinance for Sewer and in December 1997, the City adopted an impact fee ordinance for Water.

The impact fee for Sewer is as follows:

Until and unless modified by a subsequent resolution by the City Council, an impact fee of \$1,500 per Equivalent Residential Unit shall be imposed with respect to any new development to be connected to the System.

The impact fee for Water is as follows:

<u>Type Of Use</u>	<u>Average Winter Usage Category</u>	<u>Rate</u>
Class 1 Residential	12,000+/- Gallons	2,300
Class 2 Light Commercial	0 To 36,000 Gallons	3,550
Class 3 Medium Commercial	36,000 To 60,000 Gallons	4,500
Class 4 Heavy Commercial	60,000 Gallons +++	5,000

The City Council may, by resolution, change the impact fee at any time by a notice and hearing as provided for in the ordinance.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - IMPACT FEES - WATER AND SEWER (CONTINUED)

The City is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for the system, or other expenditures as allowed by law. These funds must be expended within six years from receipt or the funds must be returned with interest to the payer.

The following is an accounting of impact fees collected, interest earned, and funds expended:

Sewer:

		<u>Amount</u>	<u>Interest</u>	<u>Total</u>
1996-1997	Receipts	2,300.00	28.75	2,328.75
1997-1998	Receipts	13,800.00	373.75	14,173.75
1998-1999	Receipts	15,500.00	620.66	16,120.66
1999-2000	Receipts	31,500.00	866.50	32,366.50
2000-2001	Receipts	23,900.00	2,321.43	26,221.43
2001-2002	Receipts	29,600.00	1,255.02	30,855.02
2002-2003	Receipts	6,400.00	956.56	7,356.56
2003-2004	Receipts	8,700.00	769.74	9,469.74
2004-2005	Receipts	12,400.00	487.92	12,887.92
2005-2006	Receipts	<u>16,500.00</u>	<u>794.87</u>	<u>17,294.87</u>
	Total	<u>160,600.00</u>	<u>8,475.20</u>	<u>169,075.20</u>
1998-1999	Expended	(7,050.00)	-	(7,050.00)
1999-2000	Expended	(31,350.00)	-	(31,350.00)
2000-2001	Expended	(9,700.00)	-	(9,700.00)
2001-2002	Expended	(24,000.00)	(509.70)	(24,509.70)
2002-2003	Expended	(5,100.00)	-	(5,100.00)
2003-2004	Expended	(23,000.00)	(4,890.30)	(27,890.30)
2004-2005	Expended	(14,620.00)	(5,000.00)	(19,620.00)
2005-2006	Expended	<u>(29,000.00)</u>	<u>(1,259.18)</u>	<u>(30,259.18)</u>
	Total	<u>(143,820.00)</u>	<u>(11,659.18)</u>	<u>(155,479.18)</u>
	Total Sewer	<u><u>16,780.00</u></u>	<u><u>(3,183.98)</u></u>	<u><u>13,596.02</u></u>

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 9 - IMPACT FEES - WATER AND SEWER (CONTINUED)

Water:

		<u>Amount</u>	<u>Interest</u>	<u>Total</u>
1997-1998	Receipts	6,600.00	6.48	6,606.48
1998-1999	Receipts	14,700.00	358.96	15,058.96
1999-2000	Receipts	8,100.00	440.05	8,540.05
2000-2001	Receipts	12,300.00	986.89	13,286.89
2001-2002	Receipts	16,400.00	342.05	16,742.05
2002-2003	Receipts	4,200.00	368.68	4,568.68
2003-2004	Receipts	5,700.00	177.29	5,877.29
2004-2005	Receipts	8,100.00	350.52	8,450.52
2005-2006	Receipts	<u>10,200.00</u>	<u>1,785.00</u>	<u>11,985.00</u>
	Total	<u>86,300.00</u>	<u>4,815.92</u>	<u>91,115.92</u>
1999-2000	Expended	(19,200.00)	-	(19,200.00)
2000-2001	Expended	(15,200.00)	-	(15,200.00)
2001-2002	Expended	-	-	-
2002-2003	Expended	(6,000.00)	(950.00)	(6,950.00)
2003-2004	Expended	(12,000.00)	(850.00)	(12,850.00)
2004-2005	Expended	-	-	-
2005-2006	Expended	<u>(33,900.00)</u>	<u>(3,015.92)</u>	<u>(36,915.92)</u>
	Total	<u>(86,300.00)</u>	<u>(4,815.92)</u>	<u>(91,115.92)</u>
	Total Water	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

NOTE 10 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and disasters. The City maintains insurance coverage for most all risks through the Utah Local Government Trust including general liability, errors and omissions, property damage, and other coverages. The Trust also provides medical and health coverage for the City.

Claims have not exceeded coverage in any of the last three calendar years.

CENTERFIELD CITY
NOTES TO FINANCIAL STATEMENTS
Continued

NOTE 11 - STATE RETIREMENT PLANS

PENSION PLAN

Local Governmental - Cost Sharing:

Plan Description:

Centerfield City contributes to the Local Governmental Noncontributory Retirement System which is a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The System provides refunds, retirement benefits, annual cost of living adjustment and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Funding Policy:

Centerfield City is required to contribute a percent of covered salary to the following system; 11.09% to the Noncontributory System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

Centerfield City contributions to the various systems for the years ending June 30, 2006, 2005 and 2004 respectively were; for the Noncontributory System, \$9,919.66, \$9,771.20 and \$0.00. The contributions were equal to the required contributions for each year.

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is used to assist in formatting, for easier reading)

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**CENTERFIELD CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes	17,900	17,901	17,920	19
Prior Year Property Taxes	1,700	1,700	1,374	(326)
Fee-In- Lieu of Property Taxes	7,500	7,500	7,119	(381)
General Sales and Use Taxes	80,000	80,000	97,240	17,240
Franchise	15,500	45,500	55,600	10,100
Total Taxes	122,600	152,601	179,253	26,652
Licenses and Permits:				
Business Licenses	2,400	2,400	2,505	105
Animal Licenses	1,400	1,400	1,375	(25)
Total Licenses and Permits	3,800	3,800	3,880	80
Intergovernmental Revenue:				
Class C Road	57,754	57,754	59,497	1,743
State Liquor Allotment	1,084	1,084	1,299	215
State Grants	3,000	3,000	-	(3,000)
Total Intergovernmental Revenue	61,838	61,838	60,796	(1,042)
Charges for Services:				
Fire District	7,725	7,725	8,199	474
Animal Control	50	50	75	25
Cemetery	1,200	1,200	1,427	227
Total Charges for Services	8,975	8,975	9,701	726
Miscellaneous Revenue:				
Interest	7,700	7,700	15,694	7,994
Other	6,350	12,800	3,777	(9,023)
Use of Fund Balance	284,607	118,081	-	(118,081)
Total Miscellaneous Revenue	298,657	138,581	19,471	(119,110)
Total Revenues	495,870	365,795	273,101	(92,694)

Continued

**CENTERFIELD CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General Government:				
Salaries and Wages	19,540	21,660	21,347	313
Administration	46,840	57,620	51,379	6,241
General Government Buildings	4,400	1,500	1,096	404
Total Administration	70,780	80,780	73,822	6,958
Public Safety:				
Salaries and Wages	21,135	21,660	22,519	(859)
Employee Benefits	10,000	10,000	10,784	(784)
Professional and Technical	9,000	9,000	7,483	1,517
Supplies and Services	2,500	2,500	1,870	630
Fire Protection	7,100	7,100	7,560	(460)
Animal Control	2,400	2,400	2,908	(508)
Fire District	7,425	7,425	8,244	(819)
Other	10,915	10,315	6,976	3,339
Total Public Safety	70,475	70,400	68,344	2,056
Highway and Streets:				
Streets and Highways	8,415	8,415	48,270	(39,855)
Class C Roads	140,000	140,000	-	140,000
Total Highways and Streets	148,415	148,415	48,270	100,145
Culture and Recreation:				
Recreation	8,700	8,300	11,115	(2,815)
Parks	30,400	25,000	31,563	(6,563)
Cemetery	19,000	19,000	18,567	433
Community and Economic Development	3,200	11,900	720	11,180
Total Culture and Recreation	61,300	64,200	61,965	2,235

Continued

**CENTERFIELD CITY
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Community and Economic Development:				
Economic Development	<u>142,900</u>	<u>-</u>	<u>-</u>	<u>-</u>
Nondepartmental:				
Transfer to Other Funds	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>-</u>
Total Expenditures	<u>495,870</u>	<u>365,795</u>	<u>254,401</u>	<u>111,394</u>
Excess Revenues Over (Under) Expenditures	-	-	18,700	18,700
Fund Balance - Beginning	<u>130,044</u>	<u>130,044</u>	<u>130,044</u>	<u>-</u>
Fund Balance - Ending	<u>130,044</u>	<u>130,044</u>	<u>148,744</u>	<u>18,700</u>

COMBINING FINANCIAL STATEMENTS AND SCHEDULES

**CENTERFIELD CITY
NONMAJOR GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2006

CAPITAL PROJECTS FUND

Capital Projects:

The Capital Projects Fund is used to account for the acquisition of capital assets or construction of major capital improvements.

PERMANENT FUND

Permanent Funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Perpetual Care Fund:

This fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

**CENTERFIELD CITY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2006

	<u>Capital Projects</u>	<u>Permanent Fund Perpetual Care</u>	<u>Nonmajor Government Funds</u>
ASSETS			
Investments - Unrestricted	<u>-</u>	<u>63,475</u>	<u>63,475</u>
TOTAL ASSETS	<u><u>-</u></u>	<u><u>63,475</u></u>	<u><u>63,475</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Reserved For:			
Perpetual Care Fund	<u>-</u>	<u>63,475</u>	<u>63,475</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>-</u></u>	<u><u>63,475</u></u>	<u><u>63,475</u></u>

CENTERFIELD CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended June 30, 2006

	<u>Capital Projects</u>	<u>Permanent Fund Perpetual Care</u>	<u>Nonmajor Government Funds</u>
Revenues:			
Miscellaneous	<u>-</u>	<u>133</u>	<u>133</u>
Expenditures:			
Capital Outlays	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Net Change in Fund Balance	(65,000)	133	(64,867)
Fund Balances - Beginning	<u>65,000</u>	<u>63,342</u>	<u>128,342</u>
Fund Balances - Ending	<u><u>-</u></u>	<u><u>63,475</u></u>	<u><u>63,475</u></u>

COMPLIANCE SECTION

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
Centerfield City
Centerfield, Utah 84622

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Centerfield City as and for the year ended June 30, 2006, which collectively comprise Centerfield City's basic financial statements and have issued our report thereon dated October 20, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Centerfield City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Centerfield City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Honorable Mayor and City Council
Centerfield City
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This report is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 20, 2006
Richfield, Utah

Kimball & Roberts

Certified Public Accountants

A Professional Corporation

Box 663

Richfield, Utah 84701

Phone 896-6488

AUDITOR'S REPORT ON STATE LEGAL COMPLIANCE

Honorable Mayor and City Council
Centerfield City
Centerfield, Utah 84622

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Centerfield City, for the fiscal year ended June 30, 2006, and have issued our report thereon dated October 20, 2006. As part of our audit, we have audited Centerfield City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the fiscal year ended June 30, 2006. The City received the following major State assistance programs from the State of Utah:

C Road Funds (Department of Transportation)
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Management
Purchasing Requirements
Budgetary Compliance
Property Tax
Other Compliance Requirements

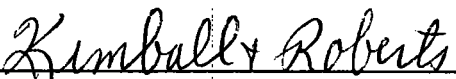
The management of Centerfield City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed no instances of noncompliance with the requirements referred to above.

Honorable Mayor and City Council
Centerfield City
Page -2-

In our opinion, Centerfield City, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to its major State assistance programs for the fiscal year ended June 30, 2006.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

October 20, 2006
Richfield, Utah